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Algeria ... 4,000 Drs. Israel ... 15,260 N.L.
Austria ... 17.50 Italy ... 1,200 Lira
Belarus ... 1,450 Drs. Jordan ... 450 Pts.
Belgium ... 27.80 Kenya ... 55.00
Cameroun ... 5.50 Kuwait ... 500 Pts.
Congo ... 5.50 Libya ... 100 Pts.
Croatia ... 450 Pts. Lebanon ... 450 Pts.
Denmark ... 5.50 Luxembourg ... 27 Lira
Egypt ... 100 Pts. Morocco ... 5.50 Pts.
Finland ... 5.50 Pts. Netherlands ... 25 Ec.
France ... 2,200 Drs. Malta ... 1,200 Pts.
Germany ... 1,000 Drs. Monaco ... 450 Drs.
Great Britain ... 1,000 Drs. Norway ... 450 Drs.
Greece ... 1,000 Drs. Portugal ... 1,000 Pts.
Iceland ... 250 Drs. Sweden ... 5.50 Pts.
Ireland ... 175 Ks. Nigeria ... 170 Ks. Yugoslavia ... 7.00 D.

ESTABLISHED 1887

Allies, Except Americans, Grim on Economy, Poll Says

QUESTION: Which of the following four statements about the current economic situation most closely approximates your own opinion?

We are experiencing a severe long-term economic crisis that will require fundamental adjustments and that can be solved at the international level.

BRITAIN	20%
FRANCE	23%
ITALY	27%
JAPAN	37%
NETHERLANDS	37%
NORWAY	39%
SPAIN	39%
UNITED STATES	40%
WEST GERMANY	23%

We are experiencing a severe long-term economic crisis that will require fundamental adjustments and for which solutions can be found in your country.

BRITAIN	19%
FRANCE	19%
ITALY	19%
JAPAN	19%
NETHERLANDS	19%
NORWAY	19%
SPAIN	19%
UNITED STATES	19%
WEST GERMANY	19%

We are experiencing a period of economic difficulty but growth should resume over the next two years if appropriate international measures are taken.

BRITAIN	19%
FRANCE	19%
ITALY	19%
JAPAN	19%
NETHERLANDS	19%
NORWAY	19%
SPAIN	19%
UNITED STATES	19%
WEST GERMANY	19%

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JAPAN	19%
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SPAIN	19%
UNITED STATES	19%
WEST GERMANY	19%

Nancy Whalen/International Herald Tribune

By Charles Michelmore
International Herald Tribune

PARIS — Americans are confident that the recession will come to an end within the next two years if Washington pursues the right policies, but they are alone in their optimism.

Their trading partners in eight other leading industrialized countries view the economic situation as a long-term crisis that can be resolved only through international cooperation.

At the same time, people in all

Detailed findings of the poll appear on Page 4 and 5.

nine nations are increasingly worried by unemployment, which, with the exception of the Japanese, they rank as their leading concern — far ahead of the threat of war, inflation or crime.

These are among the principal findings of an international poll carried out in recent weeks in the United States, Japan and seven West European countries — Britain, France, Italy, the Netherlands, Norway, Spain and West Germany.

The survey was sponsored by the Atlantic Institute for International Affairs, a private independent research center in Paris, along with the International Herald Tribune and leading newspapers and a radio-TV network in the countries polled. The Louis Harris organization did the interviewing and tabulated the results.

The poll was the second such survey in six months. The first poll, conducted last fall, focused on security issues within eight countries of the Atlantic alliance; the latest poll, for which interviewing took place in the last two weeks of March, concentrated on economics. Japan was added to the countries polled.

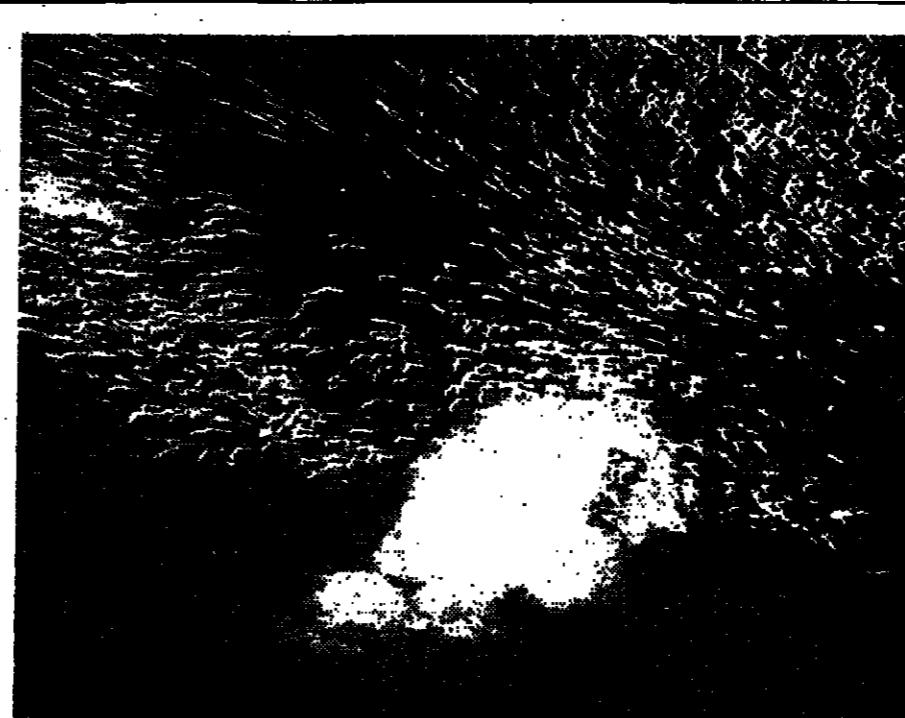
Among the significant findings were these:

- In six of the nine countries, people believe that the major international cause of their economic difficulties is the oil-price situation.

- Respondents in five of the countries consider that the main domestic cause is that their society "is living beyond its means." But "inadequate government policies" are cited as the leading cause in two other countries and rank almost as high in the rest.

- Everywhere, respondents favor government measures to stimulate.

(Continued on Page 4, Col. 5)



United Press International
The night sky was lighted Saturday as workers set off a dynamite explosion on Sicily's Mount Etna to destroy a dam and divert flowing lava into an artificial canal.

Dam Blown Up to Divert Etna's Lava

The Associated Press

CATANIA, Sicily — In an effort to save mountain villages from the molten lava of Mount Etna, workers have blown up a dam to divert the liquid rock into a man-made channel.

It may be several days, however, before officials know whether the project has diverted enough lava to prevent the flow from hitting villages below.

The civil defense minister, Loris Fortuna, said that if half the flow is interrupted "it will do the job we

project, saying that the canal could not handle a major flow and that much of the molten rock would solidify in the canal, making it useless.

But Stefano Scammacca, the vice prefect of Catania and one of the project coordinators, defended the action, saying: "We did what we set out to do, divert the lava."

Scientists were studying ways to improve the flow into the artificial canal, which leads to an uninhabited basin where another retaining wall has been built.

The lava — with a temperature of 1,800 degrees Fahrenheit (980 Centigrade) — has moved 4.2 miles (6.7 kilometers) since the flow began March 28, destroying dozens of houses, restaurants, orchards and farmlands.



The Associated Press

Forgotten Nicaraguan Harbor to See New Life as Soviet Fishing Port

By Marlise Simons
New York Times Service

areas fished by the Soviet fleet than the port it now uses in Peru. The Soviet Union will pay Nicaragua \$200,000 a year as rental, the officials said.

Plans also call for a new packing plant for the area's abundant shrimp and lobster and for the purchase of six fishing boats, already ordered from Peru. Soviet technicians are to train about 100 Nicaraguans to manage the new equipment.

The first hints of change came recently when Soviet engineers started taking soundings in the mile-wide bay lined with flame trees and small homes. Now one of two hotels in San Juan is being refurbished to accommodate 60 Soviet technicians.

Under an agreement signed a year ago in Managua, Nicaragua is making the port available to the Soviet Union as its second center of this kind on the Pacific coast of Latin America. The site has the advantage of being more central to

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A senior Nicaraguan official said he expected that, when the dry dock and pier arrived, the White House would produce satellite photographs as evidence of construction of a Soviet naval base.

San Juan del Sur gained fame in the last century when Cornelius Vanderbilt created the shortest, cheapest route to the California gold fields. Coaches traveled the stretch of land to and from San Juan and steamers moved along the San Juan River and across Lake Nicaragua to the Caribbean coast. This route was almost chosen by the United States as the site for the canal that was later built in Panama.

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The workers had heard about the Soviet dry dock and the "new foreigners" who would arrive. Most appeared to believe the plans were a good thing. Francisco Andrade, a Nicaraguan Navy contingent — two small craft with machine guns mounted on the front — puttered in circles one recent morning around the empty tenders and fishing boats moored in the bay.

A group of aging longshoremen sat at the dock, reminiscing about when large vessels pulled in to be loaded with wood, cattle and caico.

Salvador Gutierrez, 79, said he remembered, in the 1920s and 1930s, when this port was full of dollars and foreigners and the All-American cable office had more than 100 employees. He worked for the U.S. Marines when they occupied Nicaragua in the 1930s.

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El Salvador Leaders Are Perplexed by U.S. Debate on Aid

By Lydia Chavez
New York Times Service

SAN SALVADOR — Salvadoran political leaders say they are disturbed and bewildered by the discussions in Washington over how much aid their country should receive and what their government must do to receive any aid at all.

The Salvadoran leaders, who represent a broad political spectrum, said in interviews in recent days that they felt the entire congressional debate in Washington had progressed under a false assumption that one country could decide the future of another.

Foreign Minister Fidel Chávez Mena said that "it's not very pleasant" to hear one's country's future debated more than 2,000 miles (3,200 kilometers) away.

"For us, the United States is the determining factor in helping us to consolidate the democratic political process, but the relationship must be based on mutual respect," he said.

Those interviewed indicated that they were primarily upset by a compromise measure adopted Wednesday by the House Foreign Affairs Committee.

That measure, which the Reagan administration said it would accept, would provide additional military aid to El Salvador but would also make a cutoff of aid possible if the Salvadoran government did not

begin an "unconditional dialogue" with the leftist opposition.

Hugo Cesar Barrera Guerrero, one of the leaders of the far-right National Republican Alliance, said the U.S. legislators "are well-meaning but they don't have enough knowledge about how to act successfully in our country."

Until last week the government believed that the Reagan administration would support El Salvador as long as the country made an effort to bring the leftist opposition into the presidential elections in December.

That belief, however, was shaken by the House committee action, which specifies that the government begin a dialogue with the opposition within 90 days of the date that the legislation is enacted by Congress unless it can show that the rebels refused to talk.

It is still unclear how the Reagan administration or Congress would define a good-faith effort to negotiate, but Salvadorans bristle at the idea of unconditional dialogues.

Without conditions, Salvadoran officials said, negotiations can include any topic, including discussions about bringing the left into the government without elections.

Mr. Barrera said: "If they say that if we want aid

we have to negotiate, then they can take their aid elsewhere."

Rafael Moran Castaneda, the first secretary of the Constituent Assembly and a member of the National Conciliation Party, said the conditions are offensive and contradict what the governments of the United States and El Salvador have supported in the past.

"The American government has said in the past that it would only accept dialogue through the election process; this changes their position totally and needs to be analyzed," he said.

■ Call to End 'Death Squads'

Earlier, William D. Montalbano of the Los Angeles Times reported from San Salvador:

Amid a fresh wave of civilian assassinations, El Salvador's largest political party demanded Friday that the government put an end to the country's rightist death squads "once and for all."

"Authorities must take whatever steps are necessary to stop groups of paid killers who murder with impunity, but without penalty of law," the Christian Democratic Party said in paid newspaper advertisements addressed to President Alvaro Alfredo Magaña.

Since 1979, more than 30,000 Salvadoran civilians

have been murdered for political reasons, according to international human rights groups. There have been no convictions.

The Christian Democratic appeal climaxed a bloody week that began with the discovery of 14 bodies.

A laborer aged 25, and a shoemaker aged 34 survived a massacre that left 10 other victims along the same road. They said they had been picked up by soldiers, seemingly at random, after a confused encounter between guerrillas and troops, taken to a garbage dump and shot.

Government security forces are usually blamed for death-squad murders. Paramilitary civil defense forces have also been accused, as have free-lance rightists groups like the Secret Anti-Communist Army, which dumped a body and a press release in a hotel parking lot last weekend.

Last week, the Senate Foreign Relations Committee voted to cut off aid unless the Salvadoran government submits a plan to stop the death-squad killings.

The party statement noted that "the international image of our country and the foreign and economic military support needed to confront our grave problems is conditioned on respect for human rights."

Soldiers in Santiago Seal Off 2 Suburbs; 2,000 Rounded Up

Compiled by Our Staff From Dispatches

SANTIAGO — Soldiers and military police sealed off two working-class suburbs of Santiago and rounded up more than 2,000 men and teen-agers in a search for militants said to have provoked anti-government demonstrations last week, according to residents of the area.

The roundups Saturday came after Chile's Roman Catholic Church, saying it "cannot remain indifferent" to mass protests against rightist military rule, urged Friday the government of President Augusto Pinochet to reconcile itself with its critics.

The search began shortly before 3 A.M. when dozens of army trucks arrived carrying soldiers who cordoned off the streets of the poor south-side neighborhoods of Joao Goulart and La Victoria, residents said.

Two hours later, security police detectives using megaphones called out all the male inhabitants over the age of 14, rounding up more than 2,000 residents said.

The men were lined up in the street and then taken to local football grounds, where detectives checked their documents and then released those not considered suspects, residents said.

More than 130 men were arrested and taken away from the grounds in trucks before the search ended shortly before midday, a local priest said.

Santiago's military authorities said the search was "to detect and arrest anti-social elements and requisition arms and explosives that are used against innocent citizens."

The military roundup occurred in two suburbs where violent clashes took place between inhabitants and anti-riot police Wednesday night, at the end of a day of



Chileans waited near a railroad station in Santiago Saturday word of relatives rounded up by soldiers as possible suspects in protests against the military government of Augusto Pinochet. About 2,000 men and youths were seized.

Shultz's Trip: Uncertainty, but Some Success

By John M. Goshko
Washington Post Service

WASHINGTON — Secretary of State George P. Shultz's first personal foray into the maelstrom of Middle East politics has ended without a clear notion of what he will achieve his major objective: the withdrawal of Israeli, Syrian and Palestine Liberation Organization forces from Lebanon.

U.S. officials believe it will probably be weeks, if not months, before President Hafez al-Assad of Syria decides whether to extend the cooperation that will determine the success or failure of the Israeli-Lebanese agreement that was worked out through Mr. Shultz's mediation. On Saturday, a top Syrian official ruled out any such cooperation and said Syrian troops would stay in Lebanon for the foreseeable future.

Nevertheless, Mr. Shultz's two and a half weeks of shuttle diplomacy affected U.S. policy in the region in several ways that may prove profoundly important.

Most immediately, the trip produced major changes in the administration's relations with Israel and Lebanon. And, as the effort to pursue the accord continues, there could be significant shifts in U.S. policy in terms of relations with Washington, the biggest immediate winner was Israel. By agreeing to Mr. Shultz's withdrawal plan, the Israelis wiped away severe tensions that had surfaced over the past year.

Only six weeks ago, the United States and Israel appeared to be on a collision course over two issues: a team of Lebanese officials is expected to go to Damascus in the coming week to sound out the Syrians about opening negotiations, government sources said.

The Syrians, however, have encouraged domestic Lebanese opposition to the agreement. Just before the cabinet spokesman announced the government's formal approval of the accord, Syrian-backed Lebanese opponents of the agreement met in Syrian-controlled northern Lebanon to organize national opposition to the accord.

The state-run Beirut radio said Suleiman Franjeij, a former president; Rashid Karame, a former prime minister; Walid Jumblat, a Druze leader; George Hawi, head of the Lebanese Communist Party, and Assem Kanso, head of the pro-Syrian faction of the Lebanese Ba'ath Party, held a meeting Saturday at Mr. Franjeij's villa in the northern village of Zgharta.

The meeting brought together an unusual group, united by their opposition to the agreement and the fact that they all either live in Syrian-controlled parts of Lebanon or depend on Syria for political support.

The Beirut radio reported that Mr. Karame said after the meeting that the group had rejected the agreement with Israel and had prepared a statement that it would give to an envoy of Mr. Gemayel.

One involved Prime Minister Menachem Begin's resistance to President Ronald Reagan's peace initiative, announced last Sept. 1, which called for Israel to give the occupied Arab territories independence in association with Jordan. The other stemmed from Mr. Gemayel with a constantly expanding commitment of troops and money.

While Mr. Shultz's mission led to strengthening of ties with Israel and Lebanon, his continued pursuit of a troop withdrawal is forcing the administration to consider whether it must seek major changes in its generally chilly relations with Syria.

Outwardly, the prospects for dramatic change do not seem good because of Syria's hostility toward Israel, its championing of the most radical Arab forces and its deepening ties with the Soviet Union, which has invested massive amounts of equipment and advisors in rebuilding President Assad's armed forces.

However, some experts believe that the occupying forces leave, Lebanon can be turned into a peaceful client state. But, while Mr. Gemayel seems eager to cooperate with that goal, many Lebanese doubt that the divisions in their society can be overcome, and warn that the U.S. participation in the multinational force in Lebanon could bog down in a situation not unlike that in Vietnam and El Salvador.

That view is disputed by U.S. officials, who say the Lebanese armed forces can reassert order with only a modest amount of U.S. assistance.

And, while the officials acknowledge that some short-term expansion of the multinational force will be required after other foreign forces leave, they discount the idea that Washington will have to prop up Mr. Gemayel with a constantly expanding commitment of troops and money.

However, many administration planners are known to feel that sooner or later the United States will have to seek to negotiate between Lebanon and Syria as it did with Jordan and Israel.

That view is understood to have been urged on Mr. Shultz during his trip by President Hosni Mubarak of Egypt and King Fahd of Saudi Arabia.

But Mr. Shultz has been wary of moving into the maneuvering between Syria and Lebanon, saying that Syria's withdrawal is a matter for these two countries and the rest of the Arab world to resolve.

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Mr. Shultz also came away from his visit having established a strong personal relationship with Mr. Be-

gin. He had already been on very good terms with Foreign Minister Yitzhak Shamir and Defense Minister Moshe Arens, whom the usually formal Mr. Shultz uncharacteristically calls by his nickname of "Misha."

For Lebanon's young president, Amine Gemayel, Mr. Shultz seemed close to becoming a father figure. When Mr. Shultz made a brief farewell visit to Beirut last Sunday before leaving the region, Mr. Gemayel was clearly reluctant to let him go, U.S. officials said.

Mr. Gemayel asked whether Mr. Shultz would consider trying to mediate between the Moslem and Christian factions whose civil strife is a major impediment to Mr. Gemayel's efforts to establish his authority throughout Lebanon.

The apparent U.S. hope is that if the occupying forces leave, Lebanon can be turned into a peaceful client state. But, while Mr. Gemayel seems eager to cooperate with that goal, many Lebanese doubt that the divisions in their society can be overcome, and warn that the U.S. participation in the multinational force in Lebanon could bog down in a situation not unlike that in Vietnam and El Salvador.

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WORLD BRIEFS

Warsaw Editor Criticizes Church

WARSAW (Reuters) — The editor of Warsaw's leading newspaper has accused the Roman Catholic Church of applying double standards in its appeals for an amnesty for martial law offenders.

Zdzislaw Morawski, editor-in-chief of *Zycie Warszawy* and a former state television correspondent at the Vatican, and Saturday in a front-page editorial: "If on one hand someone calls for amnesty, but on the other merely condones or even inspires — we know of such instances — action against the law, he is thus delaying the possibility of release of the detainees and willy-nilly becomes a representative of duplicitous morality."

Cardinal Jozef Glemp, the Polish episcopate and Pope John Paul II have called for an amnesty to mark the pope's visit to his homeland next month.

Pope Urges Talks With Chinese

VATICAN CITY (UPI) — Pope John Paul II, speaking at a beatification ceremony of two priests killed by Communist guerrillas in China, appealed Sunday for a dialogue to bring the Chinese Catholic Church back into unity with Rome.

In the homily of a Mass during the beatification ceremonies in St. Peter's Square, the pope said the occasion reinforced hopes for "dialogue destined to favor this need for harmonization in the Christian people of China." In 1949, the Beijing government forced the Catholic Church in China to break relations with the Vatican. At the time there were an estimated 3.2 million Roman Catholics in the country.

The ceremony was for the Reverend Callisto Caravano and Bishop Luigi Vergigni, Italian missionaries who were killed by communists guerrillas in China in 1930. Beatification is the last step before the declaration of sainthood in the Roman Catholic Church.

China Leader Ends Yugoslav Talks

BELGRADE (UPI) — The Chinese Communist Party leader, Hu Yaobang, ended talks Sunday during which he reaffirmed Beijing's continued friendship and support for the independence of nonaligned Yugoslavia.

"All these talks and meetings were very close, very friendly, very cordial and full of success," Mr. Hu said at the end of his five-day official visit to Yugoslavia, part of his first trip outside China since he took over the party leadership less than two years ago.

Mr. Hu held his third and closing round of talks with the Yugoslav Communist Party leader, Mira Ribicic, on Brioni Island, that was President Tito's favorite retreat in the northern Adriatic Sea.

London Bishop Assails Archbishop

LONDON (Reuters) — Remarks by Archbishop Bruno B. Heim, the papal envoy to Britain who has questioned the good faith of the country's anti-nuclear movement, were strongly criticized Sunday by a Catholic bishop.

Archbishop Heim suggested in a letter to laymen that supporters of the Campaign for Nuclear Disarmament in Britain were either adherents of Soviet aggressiveness, idiots or blinkered idealists. He included in his remarks the Roman Catholic priest who heads the Campaign for Nuclear Disarmament, Monsignor Bruce Kent.

The Catholic bishop of East London, Monsignor Victor Guazzelli, said of the envoy's letter in a radio interview: "It's unbelievable. It's incredible. It's attacking the integrity not just of Monsignor Kent, but of all the people who are working in the cause of peace."

Foot Says U.K. Must Ban Missiles

LONDON (AP) — The opposition leader, Michael Foot, said Sunday that superpower disarmament talks will fail unless Britain bans U.S. nuclear missiles.

In a radio interview on the eve of the formal start of the Labor Party's general election campaign, Mr. Foot said: "One of the reasons we're so determined not to permit the deployment of American cruise missiles in this country is because we believe it would make a future arms control agreement well nigh impossible."

He acknowledged that opinion polls pointed to a landslide victory for Prime Minister Margaret Thatcher's Conservative Party in the June 9 election, but said: "We'll change the whole atmosphere." The Conservative Party will officially launch its campaign Wednesday.

Cambodia Peace Force Suggested

BATHURST, Australia (Reuters) — Australia and Japan could offer to form a joint peacekeeping force in Cambodia, Australia's deputy prime minister Lionel Bowen said Sunday at a Labor Party conference here.

He also said a withdrawal of the approximately 180,000 Vietnamese troops in Cambodia should coincide with the disarming of Khmer Rouge and other opposition forces so that free elections could take place.

In Tokyo, a Foreign Ministry official declined to comment on Mr. Bowen's suggestion. Yoshiro Minato, deputy director-general of the ministry's information bureau, said the law did not generally allow Japanese forces to be dispatched abroad for such operations.

Evren Sees 'Intrigues' by West

ANKARA (Reuters) — President Kemal Evren said Sunday that Turkey could do without the West if it continued to try to make it difficult for his country.

Speaking in the northwestern province of Tekirdag, General Evren accused Western powers of "Byzantine intrigues" to expel Turkey from the Council of Europe, restrict Turkish exports to Europe and criticize its human rights record.

Turkey has experienced such activities throughout its history. We have existed without the Western world before and will continue to exist with or without them, General Evren said. He is touring the country to explain new laws on elections and political parties.

Algerian Official Travels to Iran

ALGIERS (Combined Dispatches) — Prime Minister Mohammed Boudjedid left Sunday for an official visit to Iran, in what appeared to be an Algerian effort to end the three-year war between Iran and Iraq.

Mr. Boudjedid carried a message from President Benjedid Chadli to the Iranian religious leader, Ayatollah Ruhollah Khomeini, the Algerian news agency said. The visit came amid talk in government circles about improved possibilities for a settlement of the war, United Press International reported.

Meanwhile, the Islamic Republic News Agency quoted President Ali Khamenei of

Republicans and Democrats Urge Reagan to Aid in Budget Talks

By Caroline Arkinson
and Cass Peterson
Washington Post Service

WASHINGTON — Congressional Democrats and Republicans on the budget-writing committees called Sunday on President Ronald Reagan to involve himself personally in the search for a budget compromise, or risk huge budget deficits for the foreseeable future.

Senator Robert J. Dole, Republican of Kansas, member of the Senate budget committee and chairman of the influential tax-writing Senate Finance Committee, said: "It's time for the president to become a participant in the budget process."

Speaking on a television program, Mr. Dole warned that without a congressional budget resolution for fiscal 1984, which begins in October, "there's some danger of the economy sort of sputtering out."

Representative Timothy E. Wirth, Democrat of Colorado, of the House Budget Committee, said in another television program that it was "absolutely imperative" that the Senate pass a budget resolution.

Representative Richard A.

Gephardt, Democrat of Missouri, appearing with Mr. Wirth, said that a compromise on the budget that would bring down the huge projected deficits for later years would be possible "if, and only if, we can get the president engaged in the budget process."

Mr. Dole and other Senate Republican leaders met with presidential aides on Friday after efforts to approve a Senate budget resolution collapsed. Senators were unable to muster a majority for any budget plan, with disagreement centering on how much to spend on arms next year and whether to raise taxes significantly to help close the budget gap.

White House aides said Friday that the president would give the Senate leadership "running room" to fashion a budget resolution that can command a majority.

The House has passed a resolution allowing for a 5 percent increase in military spending, after inflation, and for \$30 billion of tax increases this year.

Mr. Reagan's personal arm-twisting has been given credit for many of the administration's fiscal victories in the past two years. But this year, despite deficits soaring

toward \$200 billion, the president has taken a lower-keyed role. While he has threatened to veto major tax increases, he has not coaxed legislators on behalf of domestic spending cuts and has said less in public about the dangers of big deficits.

The president, asked Sunday on his way back from the presidential retreat at Camp David, Maryland, whether he would take a more active role in the budget, said, "Well see you Tuesday night."

He is to hold a formal news conference — the first in three months — on Tuesday night, the White House said.

Mr. Dole said Sunday: "I still believe there are enough Democrats and Republicans to put together a fairly conservative budget resolution, but we haven't attempted that. . . . That's why I think the president — or I hope the president — might indicate he'd like to be a party to the budget process, even though it's a congressional discipline. It's not a spectator sport."

Asked whether he was willing to compromise on the budget, Mr. Reagan said Friday, "I have compromised for two years now," but he said that he was "prepared to be reasonable."



E. Howard Hunt Jr.



Eugenio R. Martinez



Jeb Stuart Magruder

Cancer Virus Detected In Some AIDS Patients

By Cristine Russell
Washington Post Service

WASHINGTON — A rare virus that causes cancer has been detected in some patients who have Acquired Immune Deficiency Syndrome, according to research published Friday. The discovery is the strongest clue yet to the cause of AIDS, a disease that destroys the body's immune system.

Researchers are unsure whether the discovery means that the virus causes the disease or whether it simply affects patients after they become ill.

Researchers at the Harvard School of Public Health, the National Cancer Institute and the Pasteur Institute of France all reported finding human T-cell leukemia viruses in some patients with AIDS, as well as those with an illness that may precede the disease, according to the research results published in the journal *Science*.

"It's a very strong lead. There hasn't been a major candidate thus far," said Dr. Peter Fischerling, associate director of the National Cancer Institute. "Within six months to a year, we'll have a much better idea whether to rule this in or out."

"It's perhaps the most provocative, intriguing laboratory finding thus far," said Dr. James Curran, head of the AIDS task force at the Centers for Disease Control. "However, these findings should not be prematurely overinterpreted as meaning this particular virus is the cause of AIDS. Rather it is an important clue."

More than 4,100 male homosexuals, drug addicts, Haitians, sexual partners of AIDS patients, children and hemophiliacs and other recipients of blood products have contracted AIDS since the disease was first identified in 1981. So far, 541 of them have died. Their immune systems were destroyed, leaving them vulnerable infections or cancer. There is no known cure.

In the new research, a team headed by a Harvard scientist, Max Essex, working with scientists at the Centers for Disease Control, found a strong increase in T-cell leukemia virus antibodies in AIDS patients, a sign that they had been affected with the cancer virus.

In tests of blood samples from 75 AIDS patients, the researchers found signs of antibodies in 25 percent of the cases and weaker indications in another 10 percent. Half were clearly negative.

But in a group of matched control patients without the disease, the researchers reported antibodies in only about 1 percent — one patient who was a friend of an AIDS victim. While more common in other parts of the world, T-cell leukemia virus infections in general are thought to occur in less than 1 percent of Americans.

In other studies, Dr. Robert Gallo and colleagues at the National Cancer Institute isolated the cancer virus from three patients with AIDS. They also found genetic material from the virus incorporated in some white blood cells of 20 of 33 AIDS patients.

During the same period, French scientists found a related virus in a patient with an illness involving swollen lymph glands and fever that may be a forerunner of AIDS. The Harvard group found that one-fourth of patients with the illness showed signs of the virus.

Researchers suggested several possible explanations as to why antibodies or the virus itself were not found in more AIDS patients, if indeed the T-cell virus should turn out to be the cause. One of the explanations, Mr. Essex said, could be that "our tests may not be sensitive enough."

In interviews, Dr. Gallo and Mr. Essex said the T-cell cancer virus is an important candidate as a possible cause of AIDS because both T-cell leukemia-type cancers and AIDS involve damage to T-cells, a type of white blood cell.

Watergate Burglar Is Pardoned But Hunt, Magruder Are Rejected

By Leslie Maitland
New York Times Service

WASHINGTON — President Ronald Reagan has denied pardons to Jeb Stuart Magruder and E. Howard Hunt Jr. for their parts in the Watergate burglary, according to Justice Department officials.

Mr. Reagan rejected requests for their pardon before deciding to pardon Eugenio R. Martinez, another convicted Watergate figure, the officials said Saturday.

Mr. Magruder and Mr. Hunt, both of whom served as White House aides under President Richard M. Nixon, were convicted after the 1972 break-in at the Democratic Party headquarters in Washington.

All three men were paroled after serving prison sentences. Mr. Magruder was denied for obstruction of justice and Mr. Martinez and Mr. Hunt for burglary, conspiracy and wiretapping.

According to Associate Attorney General Rudolph W. Giuliani, Mr. Reagan decided all three requests in accordance with the recommendations of the Justice Department's acting pardon attorney.

"There was a distinction to be made on the basis of culpability," the attorney, David C. Stephenson, said Saturday. "Martinez was perhaps the least culpable, one of the lesser actors in Watergate. The other two were higher up."

Mr. Stephenson said that "absolutely no political considerations were involved in making the recommendations."

Mr. Martinez, 60, now works in Miami as a sales manager for a Chevrolet dealership. He was the first Watergate defendant to receive a presidential pardon, which restores to a felon all civil rights such as the right to vote or hold public office.

President Gerald R. Ford pardoned his predecessor, President Nixon, for any crimes he might have committed, although Mr. Nixon was never formally charged with any offenses.

Earl J. Silbert, the former United States attorney who prosecuted the Watergate defendants, said Saturday that he had told the Justice Department that those convicted in the Watergate affair, Mr. Martinez and two of the other Cubans re-

cruited for the burglary — Bernard L. Barker and Virgilio Gonzalez — were the most appropriate to be pardoned.

Mr. Silbert, who is in private practice in Washington, added that he had informed the department within the past year that he recommended against pardoning Mr. Hunt.

Mr. Hunt, a former White House consultant, is living in Miami, lecturing and writing. Mr. Magruder, former deputy director of Mr. Nixon's re-election campaign, is an associate pastor of the First Presbyterian Church in Burlingame, California, after graduating from Princeton Theological Seminary.

Both Mr. Martinez and Mr. Magruder were denied pardons and, Mr. Stephenson said, but it was the first time Mr. Hunt had applied.

"Magruder was charged with perjury and convicted and at the time was an official of the Committee to Re-elect the President," one Justice Department source said, explaining the pardon denial. "Perjury is pretty close to an unpardonable offense if the criminal justice system is going to work."

Hitler 'Diaries' and the Media: Coverage or Exploitation?

By Jonathan Friendly
New York Times Service

NEW YORK — When the West German government announced May 6 that 62 volumes purporting to be Hitler's diaries were fakes, the only people who seemed surprised were the journalists in West Germany, Britain and the United States who had either paid for the documents or had reported on their contents.

The editors and reporters and their history experts were left to ex-

plain why they had rejected the forgeries later than many of their readers.

At Stern, the West German magazine that paid more than \$3 million for the diaries and trumpeted its journalistic coup, the reporter who had acquired the papers, Gerd Heidemann, was dismissed; two senior editors resigned, and the publisher, Henri Nannen, admitted, "We have reason to be ashamed."

Mr. Heidemann, meanwhile, accused his former employers of

using him as a scapegoat for what he called their incompetence.

In a news conference after the forgeries were revealed, he said he had obtained the notebooks from a dealer in Stuttgart who handles Nazi memorabilia and had begun supplying them to Stern in 1980.

It was not his fault, Mr. Heidemann said, that in two years Stern had not properly checked the material.

"I'm extremely sorry," said Hugh Trevor-Roper, the British historian on the board of directors



Supplier of Diaries Surrenders, Denies Reports He Forged Them

By James M. Markham
New York Times Service

NEW YORK — The man who supplied the forged Hitler diaries to a journalist at Stern magazine has turned himself over to the police and denied that he had forged the notebooks, his lawyer said.

Konrad Kujau, also known as Konrad Fischer, a Stuttgart dealer in Nazi memorabilia, was reported to have given himself up voluntarily Saturday at the Austrian frontier, and, according to his lawyer, was in detention in Hamburg Saturday night.

In another development, staff members at Stern's Hamburg headquarters voted Sunday to continue a sit-in to protest the naming of Johannes Gross and Peter Scholl-Latour, two conservative new senior editors.

The lawyer said Mr. Kujau said that reports he had forged the diaries were "absurd" and that he did not know the old script in which they were written.

Mr. Kujau said that he met a man identified only as Mr. Mir-

dorf in East Germany, who supplied him with documents and other artifacts from the Nazi era, and that in 1978 Mr. Mirdorf asked whether he would be interested in Hitler diaries.

According to the lawyer, Mr. Kujau brought two volumes of the diaries out of East Germany in 1981, but later transfers took place in West Germany and Switzerland.

Mr. Kujau was said to have met another man identified only as Mr. Lauer in East Germany, who later delivered the notebooks to him in West Germany and took payment for them.

According to accounts in Stuttgart, Mr. Kujau had lately been extremely free with money. The accounts also said that the police had searched Mr. Kujau's office last week and had found a vast library of books from and about the Nazi era.

On Friday, the Stuttgart newspaper, said Mr. Kujau had written the diaries himself.

of The Times Newspapers in London who had vouched for the documents' authenticity before The Sunday Times agreed to pay Stern \$400,000 for publication rights.

The owner of The Times, Rupert Murdoch, felt differently. "Nothing ventured, nothing gained," he told *Time* magazine.

The Times and a number of other newspapers Mr. Murdoch controls, including the New York Post and the Boston Herald, had printed extensive excerpts from Stern while mainly leaving aside the question of whether the material was genuine.

William Broyles Jr., the editor of Newsweek magazine, said "We feel very, very good about how we handled this."

That caution may not have been apparent to many newspaper readers.

"Perhaps the American press did not raise enough questions about the notebooks," said Katherine Fanning, editor of the Anchorage Daily News and chairman of the ethics committee of the American Society of Newspaper Editors. "We swallowed what was really an almost impossible sounding story."

Mr. Murdoch's newspapers and Newsweek came in for the sharpest criticism over the fakes. In his column, for example, Robert J. McCloskey, the ombudsman of The Washington Post, wrote, "The impression [Newsweek] created with the aid of provocative news paper and television advertising was that the entire story was authentic."

The magazine, he added, appeared "equally disingenuous" when its follow-up story seemed to invite readers to believe that it had uncovered the fraud.

Mr. Broyles said he found such criticism hypocritical since it came from publications that had also used stories of the diaries on their front pages.

Newsweek had said that, true or false, the documents would have been sold to the Nazi business.

The morality of selling Hitler "bothered us," said Katherine Graham, chairman of the board of The Washington Post Co., which owns Newsweek. But, she said, "If Hitler had left behind diaries whatever they said was of interest," and buying the publication rights to the documents would have made reporting their contents easier and more complete.

Mr. Broyles said Newsweek "never got to that hurdle" of moral concern because the talks with Stern collapsed over uncertainties about the notebooks' authenticity and over a disagreement concerning the German magazine's plan to maximize their commercial value by serializing publication over many months.

Time magazine had no ethical qualms, according to its managing editor, Ray Cave. He said it did not make a deal with Stern because the German magazine's deadlines for publication did not give Time an opportunity to verify the material.

He made no comment on the pre-censor which some officials fear the exchange could set.

The eight West Germans were arrested a few days before the Bonn trial began in March, leading to press speculation that they were being held as hostages to obtain the release of the accused Libyans.

Several Bonn officials said privately they were uneasy about a spate of cases that they feared could give the impression that West Germany was open to political coercion by foreign governments.

Nitze, Arriving for Geneva Talks, Calls Soviet Terms Unacceptable

The Associated Press

GENEVA — The chief U.S. negotiator in the Geneva talks on medium-range missiles, Paul H. Nitze, arrived Sunday for a fresh round of talks and said the Soviet Union was still imposing "unacceptable conditions" on an agreement.

But he reaffirmed the United States' "commitment to a positive outcome" in the negotiations, which resume Tuesday, and said President Ronald Reagan's proposal for a so-called interim agreement provided the "opportunity and the dynamics needed for progress."

The chief Soviet delegate to the talks, Yury A. Kvitsinsky, who arrived Saturday, renewed Moscow's rejection of the Reagan proposal, saying it did not mean any positive change in the U.S. position.

Mr. Kvitsinsky, who accused the United States of blocking progress at the talks, said that the latest Soviet offer provided a basis for breaking the impasse in the 18-month-old talks.

The reference in his prepared statement to "unacceptable conditions" was seen as meaning the So-

viet Union that he can't be trusted," Mr. Trudeau said.

He added: "Unfortunately, President Reagan and some around him have given some justification for such fears."

The interview was printed in the Toronto Star, which has strongly opposed cruise missile testing in Canada. The paper displayed Mr. Trudeau's comments prominently on the front page under the headline: "Fears of Reagan Justified: PM," meaning "prime minister."

Referring to discussions in the Reagan administration about the possibility of winning a nuclear conflict with the Soviet Union, Mr. Trudeau said such ideas are "pretty absurd." The point is not winning or losing but that "we want to avoid a nuclear war," he said.

Saying that Mr. Reagan, in a recent speech, had described the Soviet leaders as "something worse than an immoral people," Mr. Trudeau said, "I disagree with so much of the approach of his administration to the Soviet Union. I think the Soviet Union is a great power, and it should be treated as a great power."

Mr. Trudeau, who has come under increasing pressure from pro-testers against the planned testing of U.S. cruise missiles in Canada, said most of the demonstrators are concerned about U.S. attitudes toward nuclear weapons.

Mr. Trudeau, who has come under increasing pressure from pro-testers against the planned testing of U.S. cruise missiles in Canada, said most of the demonstrators are concerned about U.S. attitudes toward nuclear weapons.

They are demonstrating against what they see as the policy of an American president who has, rightly or wrongly, been perceived as warlike or so hostile against the So-

viets," Mr. Trudeau said. "The United States should be dialoguing with the Soviet Union and not treating them as a criminal people," Mr. Trudeau said.

nat the prisoner swap had taken place.

Headline

THE INTERNATIONAL HERALD TRIBUNE

INTERNATIONAL PUBLIC OPINION SURVEY

THE NINE COUNTRIES SURVEYED

UNEMPLOYMENT

CRIME

INFLATION

THE THREAT OF WAR

NUCLEAR WEAPONS

SOCIAL INJUSTICE

POOR POLITICAL LEADERSHIP

EXCESSIVE GOVERNMENT SPENDING

THE ENERGY CRISIS

INADEQUATE DEFENSE

Nancy Whitcomb/International Herald Tribune

Joblessness Remains Top Worry in Industrialized Nations

International Herald Tribune

PARIS — Unemployment leads the list of concerns of citizens in major industrialized nations, just as it did six months ago when the International Herald Tribune first measured public opinion internationally in cooperation with the Atlantic Institute, Louis Harris and a group of newspapers in the countries polled.

That worry, which increased between the two surveys in all countries except Britain, reflects worsening unemployment statistics. The same concern was echoed last week by ministers of member states of the Organization for Economic Cooperation and Development, who said after meeting in Paris that they were "very concerned about the high and rising levels of unemployment" and promised that their governments would "promote job creation and high employment."

The unemployment issue drew special notice from younger people polled. In every country, that concern was higher among youths than the national total. It was most pronounced in West Germany, where 83 percent in the 18-to-24 age bracket and 87 percent of the 24-to-34-year-old listed unemployment as a major concern — compared with 82 percent nationally.

A notable exception was Japan, which was included in the survey for the first time. The Japanese unemployment rate for 1982 was the highest in 27 years, but at 24 percent it was considerably lower than those of most other industrialized nations. Japanese respondents instead ranked crime, the threat of war and other economic worries as more important than unemployment.

Of special interest was Norway, where concern

about unemployment increased 13 percentage points between the autumn and spring polls, despite the fact that the Norwegian unemployment rate in 1982 was only 3.7 percent, in contrast to the double-digit rate in most other OECD countries.

Per Egil Hegge, deputy foreign editor of Aftenposten of Oslo, commented that "Norway used to be exempt from unemployment problems that hit the rest of Europe, in part because all post-war governments had full employment as the top priority." Now, Mr. Hegge said, any increase in the unemployment rate, which was 2.1 percent in 1981, has an important political effect.

Almost as notable as the increased concern in other areas were the decreases in worry about inflation and the energy crisis in most countries, an indication of the changing nature of the protracted economic problem and the recent decline in oil prices.

In Spain, the second greatest worry was the threat of war, noted by 48 percent of those polled, an increase of 6 percentage points from the survey published in October. Concern was uniform in all segments of Spanish society, including political parties of the left, right and center.

That was attributed by Juan Yuste, of the foreign news staff of El País of Madrid, to a combination of factors, including memories of Spain's civil war, tensions with Morocco over Spanish territories in North Africa and the debate over Spain's membership in NATO.

The centrist government in Madrid formally joined the North Atlantic Treaty Organization in May 1982, but the new Socialist government suspended integration into NATO's military structure in December on

the grounds that the decision to enter the alliance had been too hasty.

Mr. Yuste said the change in government was at least partly responsible for the decline among Spaniards in concern about poor political leadership. In Spain and in West Germany, which also changed administrations after last autumn's poll, political leadership as a worry decreased 6 percentage points.

In the United States, there was an increase of 10 percentage points in that category, marking it the third most important concern to Americans among the 10 options. That view was found in all areas of the population, but it was most startling when seen in terms of party affiliations. Of respondents who said they were Democrats, 36 percent said they were concerned about poor political leadership, compared with 31 percent last autumn; 30 percent of Republicans said they had concern this time, compared with 15 percent last time.

Analysts at the Atlantic Institute, however, were reluctant to describe the result as an indication that President Ronald Reagan is in trouble. They indicated that it might also show dissatisfaction with Congress.

U.S. pollsters who regularly check the president's ratings found that, after dropping from its high point of 73 percent voter approval in the spring of 1981, Mr. Reagan's support leveled off in October 1981 and since has been relatively stable, hitting a low of 42 percent approval against 52 percent disapproval in January.

Analysts noted that in some countries voters distinguish between government leadership and political party leadership.

In Italy, the leadership category was checked as an

area of concern by 27 percent of respondents but was up only 1 percent from last year despite the collapse of Amintore Fanfani's government and the decision to hold elections next month. That appeared to contrast as well with Italian responses on another question: 60 percent blamed inadequate government policies as the major national cause for economic difficulties.

Fabio Basagni, a deputy director of the Atlantic Institute who is a specialist on Italian politics, said: "When an Italian talks about political leadership, he is thinking about Craxi or Spadolini or his own party's leader. But the failure of a government to last more than nine months hits everybody across the board and is not considered a question of political leadership."

In the third country where this issue ranked relatively high, the Netherlands, it is a question of relatively strong action by a new coalition that thinks of itself as a "no-nonsense" government, according to Kees Caste of the foreign news staff of NRC-Holland of Rotterdam. "They have been a little tough-minded, and some people obviously don't like that," he said.

Another area of increasing concern in most countries is nuclear weapons, which is a logical consequence of the intensified debate about a nuclear freeze in much of the NATO area. The greatest change from the first poll is among Italians, who registered an increase of 12 points. This is due to what Mr. Basagni calls the delayed impact of "the Comiso effect," named after the place in Sicily where the Italian government has promised under a NATO decision to install medium-range nuclear missiles unless the United States and Soviet Union reach agreement on cutbacks in their Geneva talks.

Respondents Favor Free Trade, But Also Support Protectionism

International Herald Tribune

PARIS — Five of a set of six questions asked by Louis Harris interviewers focused on the role of government in dealing with current economic difficulties in the industrialized world. The sixth dealt with possible sacrifices by individual citizens as an aid to recovery.

At first reading, the replies to one question disclosed impressive support for protectionist measures in each of the nine countries polled. Britons and Americans appeared most favorable to import restrictions, 65 percent to 31 in the United States and 69 to 20 in Britain, and respondents in the other countries showed only slightly less backing for selective high tariffs.

But a "control question" on free trade drew a strikingly contradictory response. In the United States, 58 percent said they favored reduced trade restrictions and 35 percent opposed them; it was 57 to 25 in Britain. There were similar results in the other countries except Japan, where a high percentage of "not sure" responses on both items may have invalidated them.

Analysts noted that voters, like government officials, may preach free trade but, particularly in difficult times, sincerely protest that vulnerable national industries need some short-term protection against imports until the economy improves.

It is a schizophrenia that is also reflected in the differences between the way government policy-makers talk and the way they act in places like the OECD," commented Carl Gervitz, the Herald Tribune's associate editor and an economic specialist, referring to the Organization for Economic Cooperation and Development.

"I was quite surprised at the strong protectionist feeling shown among German Christian Democrats," noted Theo Loch of the Westdeutscher Rundfunk. "It is quite different from the way their politicians talk in parliament."

Respondents who identified themselves as supporters of the ruling Christian Democratic Union and its sister Christian Socialist Union favored increased import restrictions, 52 percent to 18, compared with the overall German total of 48 to 24, with 28 percent not sure.

Another apparent contradiction came in answers to two questions about government itself. By impressive majorities, except in France and Spain where new Socialist administrations have been actively stimulating their economies, respondents called for more government action. Yet interviewers in most of the countries also found significant support for reducing the role of government, they divided 46 to 46, with 8 percent uncertain.

The two questions are not exact opposites. Government stimulation is not necessarily defined as subsidizing exports; it may be as restrained as the establishment of a council to discuss ways of improving tourism.

In Britain, Prime Minister Margaret Thatcher has promised part of her re-election campaign to continue to denationalize industries and cut back on the welfare

state. But responses to this poll showed support for more government stimulation of the British economy — 63 percent to 21 percent in Mrs. Thatcher's own Conservative Party, 63 percent to 16 percent among Labor voters and 67 percent to 13 percent among supporters of the Liberal-Social Democratic Party alliance.

And, in what seemed to be a startling contradiction to Thatcher policy, Conservatives opposed, 50 to 34, reducing the role of government in the economy, while Labor voters favored it, 45 to 33, as did the alliance supporters, 42 to 39.

The results were no surprise that the Louis Harris Group in London rechecked its data. The findings were confirmed, but a Harris polisher who supervised the survey, John Hayner, said it appeared that British respondents had interpreted the question to make "government" synonymous with the Thatcher cabinet rather than to mean government in general.

Under that reading, it would be logical for Labor and alliance voters to favor less Thatcher influence on the economy, while Conservatives wanted it to continue.

In the United States, where President Ronald Reagan was elected on a platform that included reducing government's role, Republicans, Democrats and independents alike said in this poll that they favored less government. But Americans of all parties also said they favored reducing military spending and using some of the savings on welfare and education — 57 to 40 among Republicans, 77 to 27 independents, 69 to 27 Democrats and 69 to 27 independents. Mr. Reagan has chosen the opposite course.

Excessive government spending was one of the primary American concerns in the barometer question, cited by 33 percent of respondents, and almost as many Democrats (31 percent) as Republicans (34 percent). But when asked about more government economic stimulation, they divided evenly, 47 to 47; Democrats favored it, 58 to 34, as did independents, 53 to 41.

The least equivocal answers to this part of questions came from Norwegians, who overwhelmingly favor more government economic stimulation — 82 percent to 12 percent in general, a ratio that is reflected through all parties and professions. But asked about reducing the role of government, they divided 46 to 46, with 8 percent uncertain. That matched the relative lack of concern in Norway in the "barometer question" which showed government spending was a worry to only 8 percent of respondents.

To give you an example, the average farm in Norway is supported by the government at the rate of \$15,000 a year in various subsidies," commented Per Egil Hegge of Aftenposten. "It is the only way in Norway to prevent unemployment and depopulation in some of the remote areas of the country, so government spending has become a Norwegian consensus policy."

Increasing trade with the Soviet bloc as a means of economic recovery

was supported in all countries except Britain, the Netherlands and the United States. Part of the explanation for that undoubtedly lies in the residue of public resentment to U.S. attempts to restrict the sale of European equipment for the Soviet gas pipeline last year while American farmers continued to sell grain to Moscow.

But the most impressive backing for more trade with the East came from Spaniards — and from all supporters of all parties — 74 to 10.

The size of this response was explained by Juan Yuste of El País as a reaction to 40 years under Franco without relations with Eastern Europe. "It is mainly a political feeling. After having been fed anti-Communist information in all of the Spanish media for so long, Spaniards think they need to open their borders in that direction also."

The East-West trade question demonstrated the impact this has had as a headline issue. Analysts point out that in the strict context of the poll question — as a policy aimed at helping economic recovery — increased trade with the Soviet bloc would not be realistic, especially given difficulties of payment with the recent history of hard currency debts in the area. According to an unpublished OECD study, exports to the East are of "marginal importance" generally, amounting to less than 1.1 percent of gross national product in West Germany, Italy and the Netherlands.

A final question on possible ways toward economic recovery dealt with sacrifices that individual citizens would be prepared to make if "thousands of new jobs" would be created. In France, 34 percent said they would take early retirement with a slightly lower pension — an answer that appeared to reflect acceptance of a new government policy that encourages just that move.

Discussion of this idea is boiling over in Germany right now," said Mr. Loch of Westdeutscher Rundfunk. Thirty-eight percent of Germans polled said they would agree to an early retirement plan, but acceptance of it was most pronounced in younger age groups — 59 percent among 18- to 24-year-olds, 50 percent of 25- to 34-year-olds and only 31 percent of those closest to retirement, in the 50 to 64 bracket.

Of special note in answers to the sacrifice question was Japan, where 34 percent, more than twice that of any other country, said they would not accept any sacrifice.

There is a widespread feeling in Japan that it is the responsibility of the government or one's company, not the individual worker, to create jobs," commented Takashi Wada of Asahi Shimbun. "Housing in this country is poor, for example, and after working for 40 years an average Japanese will find that he still has not been able to afford the kind of place to live he would like. There is no real interest in sacrifice in a situation like that."

CHARLES MITCHELMORE

How Poll Was Conducted

International Herald Tribune

The second international poll conducted for the Atlantic Institute, the International Herald Tribune and a media group, includes polling in Japan for the first time to measure public attitudes to economic issues confronting leaders meeting in Williamsburg next weekend.

To achieve this, the same questions were asked in all nine countries during the last two weeks of March. Polling samples consisted of a cross section of adults with national samples ranging from 936 to 1,618 people in each of the countries surveyed.

Interviewing was done by telephone in the United States and in person in all other countries. The interviews were conducted by Louis Harris International through its offices in each country.

The Atlantic Institute for International Affairs is a private independent research center in Paris. More than 95 percent of its annual budget comes from private foundations. For this poll, the Institute received additional support from the Organization for Economic Cooperation and Development and the Commission of the European Communities, which did not participate in formulating the questions or interpreting the findings.

Joining with the International Herald Tribune as sponsors of the survey were the Financial Times of London, Le Matin of Paris, Il Sole-24 Ore of Milan, Asahi Shimbun of Tokyo, NRC-Holland of the Netherlands, Aftenposten of Oslo, El País of Madrid, The Philadelphia Inquirer and the Westdeutscher Rundfunk of Cologne.

Questions about the poll or inquiries on the eventual purchase of the complete poll data book should be addressed to the Atlantic Institute for International Affairs at 120 rue de Longchamp, 75116 Paris.

(Continued from Page 1) late national production. But in a possible contradiction, most of them want to reduce the role of government in their economies.

• Only in Britain and the United States do more people oppose than favor increased trade with the Soviet Union and East European countries; in the Netherlands, responses were divided equally, at 36 percent.

• Although there is at least a plurality in every country favoring a steady movement toward free international trade, there is even greater support for protectionism in all nine nations, an apparent contradiction.

The results showed important divergences in public opinion in the countries that will be represented next weekend at the Williamsburg, Virginia, economic summit meeting, but in most cases they are differences that are reflected in governmental policies.

That was most marked in responses to questions about the economy. The American response was even more isolated in its view of where economic solutions are to be found; 64 percent of those polled said they thought economic

growth should resume over the next two years. American optimism was consistent in all political parties, age groups and professions. Of those who identified themselves as Republicans, 73 percent were confident of an early end to the recession, along with 60 percent of Democrats and 63 percent of independents.

In all other countries, more respondents opted for answers that described a "severe long-term economic crisis" requiring "fundamental adjustments."

In France and West Germany, there was less agreement on the description: 47 percent of the French and 46 percent short-term, while 42 percent of Germans called it long-term and 41 percent short-term. In the other six countries, there was a greater tendency toward pessimism, most clearly in Spain, which has the highest unemployment and second highest inflation rate of the nine countries polled.

The survey noted almost complete agreement across national frontiers on the importance of unemployment. It was cited as the leading cause of concern in a "harmo-

nia" question identical to that posed in the poll taken last autumn in the same countries except Japan.

The same split has become evident in preparations for the Williamsburg summit, and it showed at the ministerial meetings in Paris last week of the Organization for Economic Cooperation and Development. Although U.S. officials paid lip service to the concept of international "linkage" in economic recovery, they made clear in Paris that the United States would continue to pursue a national approach.

Martin S. Feldstein, chairman of the Council of Economic Advisors, conceded that European governments "can usually talk to each other about how if each one expanded the other one could expand more, but the United States doesn't have a role in that dialogue because the fact is that the rest of the OECD is expanding more will not cause us to change our goals."

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rmone" question identical to that posed in the poll taken last autumn in the same countries except Japan.

In March, Europeans and Americans ranked unemployment even higher on their list of worries, with as many as 87 percent of respondents in West Germany and Spain, citing it as their main concern. Even in the United States, where other answers indicated confidence in the end of the recession, concern over unemployment went up 10 points, to 52 percent, as the main worry. That was despite a slight drop in the U.S. rate in April, to 10.2 percent from 10.3.

In Britain, where jobs have emerged as the main single issue in the current parliamentary election campaign, unemployment remains the major concern of those polled. But it declined one percentage point from the earlier survey, to 67 percent.

In Japan, where the question was posed for the first time, unemployment ranked eighth among causes of concern, noted by 23 percent of respondents; crime and the threat of war, both at 36 percent, were the top Japanese worries.

Americans Alone in Optimism on Economy

International Herald Tribune

come on the national level. In all other countries except Britain, international cooperation was cited.

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QUESTION: Which of these possible international causes for our current economic difficulties do you consider the most important?

	Britain	France	Italy	Japan	Neth.	Norway	Spain	U.S.	W.Ger.
Major changes in oil prices	25	22	41	35	27	32	24	31	23
Japan's economic policy	18	27	2	27	21	7	8	25	36
America's economic policy	5	27	13	22	7	14	10	26	20
International economic cooperation	24	35	27	13	21	30	20	16	23
Conflicts in the Third World countries, for example, Vietnam, Singapore or Mexico	40	35	12	11	41	22	7	22	24
Instability of institutions of monetary system	13	40	38	22	13	24	34	25	18
Not sure	10	9	21	22	20	9	15	6	15
Total over 100 because of the possibility of multiple answers									

International Herald Tribune

Economic Woes in Most Nations Blamed on Changes in Oil Prices

International Herald Tribune

PARIS — Despite the recent fall in oil prices, the shadow of the sharp increases of the 1970s still darkens Western views of the current economic difficulties. In all nine countries polled except France, West Germany and Britain, major changes in oil prices were listed as the most important international cause of today's crisis.

This comes as no surprise to analysts in the countries surveyed, even though there are different interpretations of the oil price effect. In most countries, the "major changes" cited in the question are understood to be the ratcheting of oil prices in the past decade by the Organization of Petroleum Exporting Countries — which has generally been assessed a principal share of blame for the protracted recession in the industrialized West.

But in Britain, where it was listed as the second most important cause, and in Norway, the price change also means decreased national revenues because of the importance of North Sea oil in the budgets of both countries.

West Germans, who for years survived the handicap of a strong currency in export markets, are surprisingly almost alone in seeing the export policies of their competitors as responsible for their economic problems. Japan's export policy was picked as the most important cause by 36 percent of Germans polled — and by 45 percent of business owners and managers. The German blame of Third World exports was almost as high — 34 percent in general and 40 percent by executives.

The German media have been full of stories about competition from the Third World in steel, textiles and chemicals," commented Theo Loch of the Westdeutscher Rundfunk of Cologne. "Many Germans have looked to France and noticed how effectively the French have limited exports of Japanese cars and they want to do the same thing here."

In Britain, only 18 percent of those polled blamed Japan, but 40 percent attributed problems to Third World exports, in part an indication that the British have more readily come to terms with Japanese competition — not least in arranging joint ventures such as the B-Honda car-making project.

Although it was not the most important reason cited in any single country, insufficient economic co-

operation among Europeans was given considerable importance by all of the West European respondents. That was considered logical in countries such as Italy, which is a founder-member of the European Community, and Spain, which sees new hope for its economy in the prospect of joining the European Community. It was more surprising in Norway, where voters in 1972 rejected EC membership in a national referendum.

That does not necessarily indicate that Norwegians might be having a change of heart on their earlier decision, according to Per Egil Hege of the Oslo newspaper *Aftenposten*.

"Frankly speaking," he said, "I have the feeling that the United States and Europe are very tough with Japan about trade policy."

As far as domestic causes of the economic crisis, respondents in five countries blamed the fact that their societies are living beyond their means. The nature of the poll did not allow follow-up questions, which might have explained that.

A separate question showed that respondents in every country overwhelmingly favored cutting back on military spending in favor of more social services and education, but there was no certainty that voters feel that the military budget is an example of overspending.

In France, where insufficient European cooperation was the second most frequent cause listed (38 percent), farmers who have long benefited from the Common Agricultural Policy have taken to the streets to show their unhappiness with the latest attempts to set EC commodity prices. Their displeasure also showed in the poll: 47 percent of the farmers blamed French economic woes on lack of cooperation in Europe.

But the most important cause of economic problems for most French respondents (49 percent) was the instability of the international monetary system, a theme that has been constant through the speeches of President Francois Mitterrand, a Socialist, and his conservative predecessors.

This item drew a 60-percent response from those who said they were members of Jacques Chirac's neo-Gaullist Rally for the Republic party. The poll result would indicate that Mr. Mitterrand's firm public support in his call last week for a "new Bretton Woods" conference to reform the international monetary system.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The Poll Results

The new Atlantic Institute-Louis Harris poll for the International Herald Tribune, published today, reveals a striking difference between the way Americans view the world's economic problems and the opinions of West Europeans and Japanese.

Americans give scarcely any credit to the idea that the Western economy has been in a deep structural crisis that demands an international solution. The American government's lack of interest in major reforms or in common efforts to remake the industrial nations' economic and monetary structures is a direct reflection of the American public's belief that what we have been experiencing are "difficulties" rather than a crisis, and their optimism that growth soon will be under way again, given sensible measures — by implication, national measures.

Forty-two percent of the Americans believe this; only 22 percent think international action is required. For them prosperity is just a protectionist policies. We are no longer simply in the realm of public opinion.

Finally, the results of the poll on military questions show both a very sharp sense of the threat of war and an even higher level of confidence in — or can it be complacency about? — the West's defenses.

The threat of war is outranked only by unemployment and crime as the "greatest concern" individuals and their countries today. Yet few believe their defenses to be inadequate, less than 7 percent on average. Only the Americans (12 percent) and the Japanese (10 percent) seem to be at all worried about the matter.

An average of 65 percent of the public everywhere would cut military spending and put more money into social services, health and education. Americans want this more than most — 69 percent of them, exceeded only by the French and Spanish. Actively against military cuts are less than 20 percent of the total respondents. The Norwegians, Dutch and British are the most serious defenders of military spending and the least enthusiastic about cuts; an interesting figure considering the strength of the peace movement in those countries. Germany is among those most in favor of defense cuts and least opposed (67 percent for, 15 percent against, compared with 54 percent for cuts in the Netherlands and 27 percent against, and 69 percent for 27 percent against in the United States).

In these figures one sees plainly why the Reagan administration's military programs are so controversial and divisive, both at home and abroad. If the threat of Soviet attack is really serious, as Washington insists, it seems that the majority in the West does not recognize it, does not believe in it or does not care.

INTERNATIONAL HERALD TRIBUNE

Maritime Subsidy

The cargo preference bill is back — and, as always, it is pure poison ivy. It says that a certain proportion of all bulk cargoes moving by sea in or out of American ports must be carried in American-flag ships.

Because most American ship builders and owners have long since lost control of their costs, they survive only where they can get this kind of legislative protection. That is also why most American-owned ships are registered in other countries, avoiding the extremely expensive requirements for doing business with the tight alliance of overpriced American shipyards, owners and maritime unions. This triangular alliance continues trying to get the Congress to force American traders to use its ships despite the fact that they are uncompetitive by a very wide margin.

Cargo preference would provide still another subsidy to an industry that is already one of the most heavily subsidized in the country. There are fat subsidies to build ships, fat subsidies to run them and fat subsidies to train personnel. This year the total will run well over half a billion dollars. The Reagan administration is currently trying to cut off at least the construction subsidies. This threat evokes

— THE WASHINGTON POST.

Other Opinion

Language Strategy

The latest report on the state of American education (there have been several of these in recent days) comes from the Twentieth Century Fund, and it wisely tells us that the best way to teach children English is to "immerse" them in the language. This private research

foundation's task force of educators said federal money now being funneled into bilingual programs that involve the teaching of such subjects as mathematics and science in the students' native tongue should be used to foster excellence in English.

— The San Francisco Chronicle

FROM OUR MAY 16 PAGES, 75 AND 50 YEARS AGO

1908: Roosevelt Supported

NEW YORK — There was another third-term demonstration at the conference of governors in the White House [on May 14] when Governor Pardee of California declared that the interests of the country demanded the continuous leadership of President Theodore Roosevelt. This was greeted with loud cheers, while the president's face became clouded. At the time Governor Pardee was making his statement, the Republican convention in California was instructing delegates for Mr. Taft, after a heated contest between the Taft and Roosevelt factions. Mr. Taft is getting all the delegates this week and his managers seem to be completely stamping out the Roosevelt sentiment in the convention.

1933: Hitler Reaction Awaited

BERLIN — When the German parliament meets [today] the world will be all ears to hear what Chancellor Hitler will have to say in view of other nations' attempt to isolate Germany militarily as well as morally. In his speech at Munich on Saturday, Vice-Chancellor von Papen declared that Germany would do nothing but persist in demanding equal rights on the disarmament issue. But even while he pointed out that the German nation wants peace, the trend of his speech was so bellicose as to increase the conviction that Germany would withdraw from the League of Nations in case its demands for the disarmament of the other nations, according to terms of the Versailles Treaty, remain unfulfilled.

INTERNATIONAL HERALD TRIBUNE

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Lebanon Accord May Wreck U.S. Peace Initiative

By Philip Geyelin

WASHINGTON — Logic says it is the Arab's move. Syria has no further excuse for its continued presence in Lebanon if it is invited out.

Jordan's King Hussein, having resisted participation in the Reagan "initiative," in part for lack of evidence that the United States has any influence on Israel, now has that evidence in Secretary of State George P. Shultz's role in the Lebanese-Israeli withdrawal agreement. The same may be said for the so-called Arab moderates (Egypt, Saudi Arabia) who have ap- plied the same test.

The way should soon be opened for renewed efforts to crack the larger Arab-Israeli problem, right?

Absolutely, if you believe in the Tooth Fairy and an early spring — and logic as a prime mover in these matters. But even assuming that the initial Syrian rejection of the Lebanese-Israel withdrawal agreements is a blow-hard, opening gambit, the terms of the Israeli pullout give Syria ample scope for killing time by spinning out talks on its own withdrawal terms.

And at this crucial stage, time is everything. That is why the celebrated Shultz breakthrough in Lebanon may be not so much a "milestone" as a millstone — a real drag on progress along

the Reagan administration's chosen path to a wider Arab-Israeli settlement.

That is not to knock Mr. Shultz's diplomatic effort. Without it, there would be no hope of cooling off the Israeli-Syrian confrontation in Lebanon and of hastening the day of Lebanon's return to some measure of sovereign control over its own territory.

Now there is at least a chance of achieving that much. But the longer it takes, the more time Israel will have to settle the question of the West Bank by de facto Israeli annexation under the current crash program of building permanent, city-style Jewish settlements — to foreclose Ronald Reagan's stated preference for a West Bank linked in federation to Jordan.

With the benefit of hindsight, many experts will tell you this might not have been the case last fall. That was before the Soviets had gotten fully embarked on rebuilding Syria's armed forces and adding sophisticated new weaponry, and before King Hussein had first edged close to a partnership in the Reagan "initiative" and then backed abruptly away.

The Reagan administration might even have seized an opportunity then to try to pry a weak-

ened Syria from Soviet influence by including some note of Syria's claim to the Israeli-occupied Golan Heights.

But siding up to any regime as radical and Soviet-connected as that of Syria's President Hafez al-Assad goes squarely against the ideological grain of the Reagan administration. Its focus was on the situation in Lebanon and on winning the favor of the Arab "moderates" by addressing their concerns over the Palestinians and the West Bank.

Not even the latest effort, launched with great fanfare on Sept. 1 of last year, had much show of steam behind it. Reading the weak signals, the Israelis hung tough, buying time while proliferating their West Bank presence. Only after King Hussein buckled to pressure from the Palestine Liberation Organization and effectively removed the threat ("mortal") to Israel, according to Menshevik logic, did the Israeli government find it safe to accept Lebanese withdrawal terms well short of its initial demands.

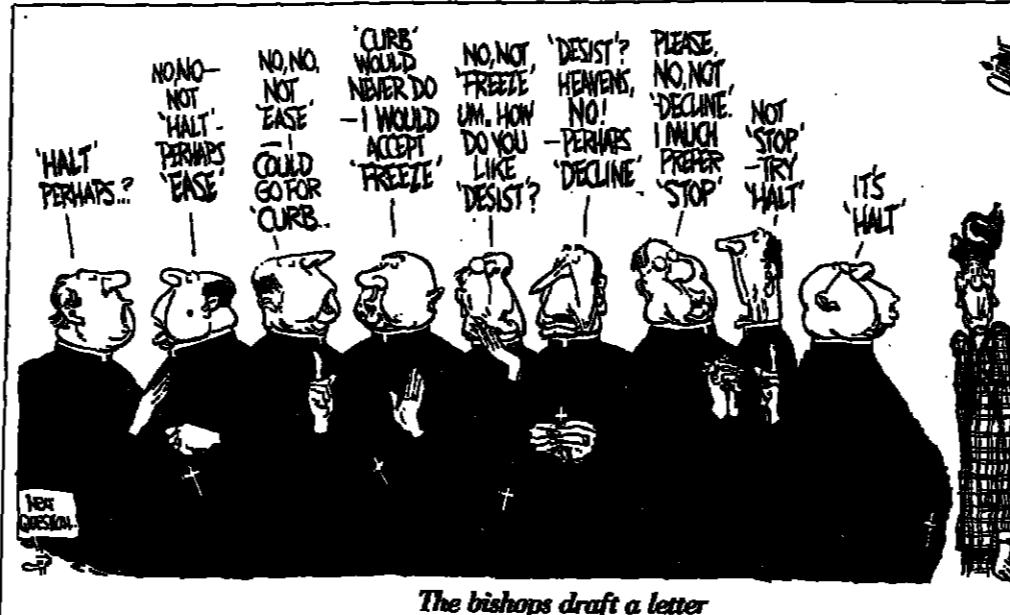
On the face of it, this puts the monkey on Syria's back. But the Syrians, sharing Israel's

distaste for the Reagan peace plan, can be counted on to play Israel's game. There is plenty for the Syrians and the Lebanese to bargain about — and reports suggest that more is being added by new Syrian troop movements into Lebanon and a serious "leakage" of returning PLO guerrillas as well. The Syrians can spin things out merely by insistence on a residual Syrian presence comparable to the revising rights and other security concessions that have been granted to Israel.

The Syrian game fits the Soviet Union's spoiler role, for working against the American peace effort and a consequent widening U.S. influence in the Mideast. The Israelis, meantime, can take out insurance against an accidental outbreak of hostilities with Syria and also lower their casualties at the hands of scattered guerrillas by a partial, unilateral withdrawal to more defensible areas.

Ultimately, there may be liberation for Lebanon. But by then, Ronald Reagan's "initiative" will be dead. And all the tensions and conflicts that threaten the region's stability and have brought five wars in 35 years will still be very much alive.

The Washington Post.



World Takes a Step for Free Trade

By Hobart Rowen

PARIS — For the first time in years, the world's major nations are turning their attention to the need for economic growth. Their minds focused by the grim reality of 32 million people unemployed in the industrial countries, politicians finally seem willing to take whatever risks they may be in a mildly expansionist policy and give the anti-inflation fight a No. 2 priority.

At least that was the course agreed on here in recent days at the Organization for Economic Cooperation and Development for the United States, West Germany, England and Japan. The cozy phrase evolved by the OECD bureaucracy is that these countries have "growing room."

This represents at least a mild retreat from what Anthony Solomon, the New York Federal Reserve Bank president, called "Euro-pessimism" — a belief that domestic macro-economic policies had become impotent. Europe has been losing confidence in itself — and there are deep-seated problems that caused it to seek answers in protectionism rather than growth.

The need to reinstate the economic growth goal, even if the heady gains of the 1960s are no longer achievable, has also been urged for the past month by Secretary of State George P. Shultz.

Without growth, he argued, the industrial nations will continue to be tempted by protectionism, shutting off imports from each other and from the Third World. But if there is no hope for expanding their sales to Japan, Europe and North America, the cozy phrase evolved by the OECD bureaucracy is that these countries have "growing room."

And with high rates of inflation and generally weak economies, France and Italy do not wish to take the dramatic step recommended for the others — a relaxation and dismantlement of protectionist measures.

Yet this is the first time since the second oil shock that any government has dared mention growth first and inflation control second. Inflation has been receding and oil prices have been falling — but the price has been terrible increase in unemployment.

Huge numbers of young people in Europe, like teen-age blacks in the United States, have never had a job. A survey last fall showed that 70 percent of unemployed British teenagers never expect to have a job. Never. That's a measure of hopelessness that spells trouble.

Over the past decade, with all the ups and downs of recession and growth cycles, some 10 million new jobs have been created in the United States. Over the same period, according to an OECD analysis, Europe has had a net increase of the incredibly small figure of 100,000 to 300,000 new jobs. As an American diplomat here said last week, "That's ridiculous."

The word spread. The farmers had to fence off their fields and hire guards for fear of the seed being stolen. This year 5,000 farmers are planning to plant cowpeas. And next year nearly half a million hectares will be planted.

The economics of this breakthrough are equally promising. In 1982 the 162 farmers earned \$4 million. Next year the figure is expected to increase sharply.

But they seem to have recognized, in this dry run for the Williamsburg economic summit, that whatever other policies they follow, nothing will do much good if the drift into

await recovery but, on the contrary, should be used as a supportive policy.

Ironically, in the United States the Democratic Party, which used to carry the banner of free trade, has left this as an issue for the Republicans. Yielding to labor union pressure, every leading Democratic presidential hopeful has slipped, to one degree or another, into the protectionist camp.

Unless these are shipped away, they will continue to inhibit recovery, he said, "and undermine incentives to adopt more efficient and cost-effective means of production."

Foreign Minister Uffe Ellemann-Jensen of Denmark added: "The rollback of trade restrictions must not

be too extreme."

Last week in Paris, there has been at least a small step taken toward restoring faith in "free trade."

The Washington Post.

Tropical Africa Finds Way to Fight Hunger

By Jonathan Power

I BADAN, Nigeria — Tropical Africa is in the midst of a food crisis, but it could be that the end is in sight.

In 30 out of 35 countries, the population increase has far outstripped food production. The average African today has 1 percent less to eat than a decade ago.

For a hundred years or more it has been assumed by laymen and scientists alike that the productivity of the food crops of the humid tropics were almost impervious to improvement.

But within the last couple of years the changes have been dramatic and they are happening foremost in Nigeria, whose agricultural production had been going downhill faster than any other African country. Indeed, by the year 2000 Nigeria would be spending all it earns from oil sales on food imports.

Research on the cowpea supervised by an Indian scientist, Dr. Bir Bahadur Singh, at the International Institute of Tropical Agriculture supports the idea that Africa may be on the threshold of its own "Green Revolution."

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ridiculous, given the other technological breakthrough under way with cassava, maize and rice, to set its sights on self-sufficiency.

The International Institute for Agriculture Research was founded in 1967, part of an unusual family of agricultural research centers that were originally sponsored by Mexico's Centro for Agricultural Research and the Rockefeller Foundation.

The Mexican center produced the Nobel Peace Prize winner, its American director, Norman Borlaug, who was credited with initiating the "Green Revolution" by developing the miracle strains of rice and wheat that transformed agriculture in Latin America and Asia.

The International Institute for Tropical Agriculture is a relatively recent member of the group of research institutions. It is doing research on agriculture in the most difficult environment. In humid tropics the heat is so intense and the rainfall either too soft or too heavy for soils to easily sustain their productivity. Once the natural jungle-type protective foliage is cleared, too often the soil is destroyed.

They are now perfecting techniques for land clearing that will preserve the roots of the old forest and using machinery that can dispense with tillage that disturbs the soil.

They also are coming to grips with the disease that severely reduces the harvest of traditional crops.

MONDAY, MAY 16, 1983

Page 7

EUROBONDS

By CARL GEWIRTZ

Firm Uses No-Risk Bait to Lure Investors for Convertible Bond

PARIS — Innovation, a feature of the world's capital markets during the past 18 months, is again in the forefront of the Euromarket this week with the launching of the first zero-coupon secured convertible bond.

Electronic Mail Corp. of America is tapping the market for \$20 million. The company is young, founded only in 1980. While its shares, traded over-the-counter, have moved up, its shares or bonds are clearly a risky investment.

The aim of the secured convertible is to remove this risk. In essence, investors are being offered a seven-year option to buy the stock at the end of the seventh year. In exchange for this guaranteed pay-back, investors are asked to forego any interest income on this option.

Although EMCA hopes to raise \$20 million, the company will initially only receive \$10 million of that.

The other \$10 million will go directly to Morgan Guaranty Trust, which, as trustee, will invest that cash in zero-coupon bonds of high-quality (double- or triple-A credits) companies selling for not more than 50 percent of nominal value.

There are three such zero Eurobonds outstanding. Beneficial Finance, DuPont and General Motors Acceptance Corp. each have zeros maturing in 1990 and which currently are trading at less than \$500 for each \$1,000 nominally valued security.

The \$10 million invested today by the trustee will be worth \$20 million in 1990 and that \$20 million will be used to redeem whatever portion of the EMCA bonds have not been converted into shares. Thus, the only risk is to the initial investor.

The EMCA bonds, of course, can at any time be converted into shares. There will be no premium set on this conversion. The normal practice is to set a price at which the shares can be bought, that is from 5 to 20 percent above the quote prevailing when the bond is offered. In this case, the price prevailing when the final conditions are set will be the price at which the stock can be purchased during the next seven years.

In return for the security of the pay-back and for the growth potential of the share price, investors will be paid only a token rate of interest if they hold the bonds to final maturity. The bonds are being offered at a modest discount of \$985 for each \$1,000 nominally valued security. Redemption at \$1,000, a gain of \$15, is the equivalent to having earned 0.21 percent interest a year.

Incentive for Company

The beauty of this package is that the company itself has a significant incentive in seeing the price of its stock rise and bondholders convert their securities into shares. If all the bonds are converted, the \$20 million held by the trustee will revert to the issuer. That would mean that EMCA would have sold \$20 million worth of stock for \$30 million in cash.

The authors of this concept are Jean-François Kurz, general manager of Banque Guinzwiller, Kurz, Bungener, which is lead manager of the issue, and Michael Palmer of AE Capital Corp. of New York.

"This is the first time that investors can buy a stock with a high upside potential in price at no downside risk to themselves," says Mr. Kurz.

The straight-bond sector of the Euromarket, meanwhile, was operating in the shadow of the New York bond market. And the late Friday report of an unexpectedly large rise in the money supply coupled with the stronger than expected industrial production and retail sales figures for

(Continued on Page 9, Col. 1)

U.S. Utility May Face Default

New York Times Service

SEATTLE — The builder of two terminated nuclear-power plant units in Washington State has warned that it was likely to default on \$15.6 million in interest payments due to bondholders by the end of the year.

Only a cash infusion by May 31, which is not expected, would prevent the default, executives of the Washington Public Power Supply System said.

C. Michael Berry, a board member of the troubled authority, said Friday that Chemical Bank of New York, trustee for holders of some \$2.25 billion in revenue bonds issued to pay for the two units, would "almost certainly" issue a notice of default on June 1.

There is "absolutely no chance" of Chemical Bank renegotiating the debt, said Carl Halvorson, chairman of the power system's executive committee.

The power system, which undertook the construction of five nuclear plants in Washington several years ago on behalf of 88 utilities that would ultimately buy their output, has since scrapped two of the units — four and five — amid huge cost overruns and projections of declining demand for electric power.

The authority is now entangled in a web of litigation, including a suit brought by Chemical, that seeks to determine who is responsible for its debts. If the courts determine that the 88 sponsoring utilities are liable, they are expected to resume payment, and the default situation will be lifted, Mr. Halvorson said.

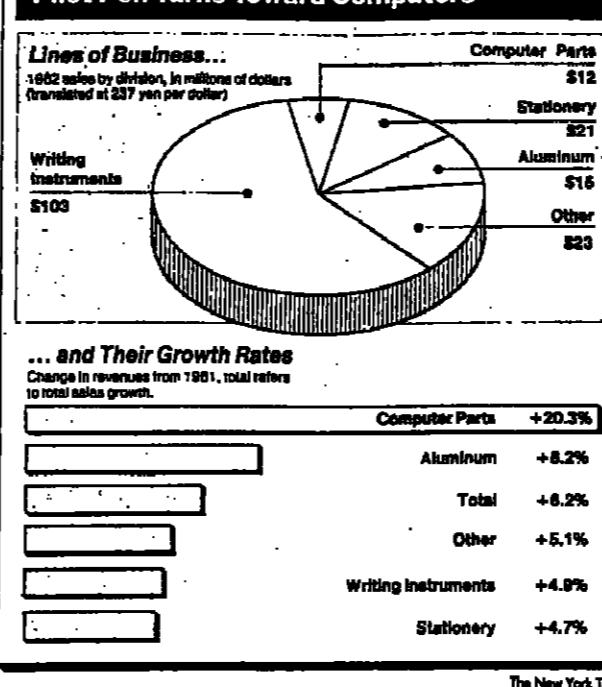
The utilities sponsoring the two terminated units have deposited some \$2 million in a court-administered escrow account. But it is unlikely that the court will decide by May 31 whether the power system can gain access to the funds.

The executive board Friday directed Donald Mazur, whom it named managing director, to set aside on May 31 some \$24.7 million in a fund to pay for future administrative expenses. Mr. Halvorson said the authority needed the money for its defense because "we cannot stand barefoot among the barricades."

The issue of future financing for units 1, 2 and 3 has been clouded because Standard & Poor's Corp.

(Continued on Page 9, Col. 2)

Pilot Pen Turns Toward Computers



Pilot Pen Is Seeking Growth in New Fields

By Steve Lohr

New York Times Service

TOKYO — For Pilot Pen Co., Japan's largest pen maker, such lines of business as computer software, building materials and office automation seem far afield indeed.

But faced with a saturated domestic market for its writing instruments, Pilot Pen is moving into these areas in its search for corporate growth. In addition, the 40.4-billion-yen-a-year company (\$1.74-billion) plans to increase its rate of exports to 40 percent of sales during the next several years, up from the present 25 percent.

The United States is the most important part of Pilot's export drive. Last year, the Japanese company's sales in the United States totaled \$31 million, compared with \$2 million in 1975. This August, the U.S. subsidiary is planning to move into a new headquarters building in Trumbull, Connecticut.

At first, pen sales will carry Pilot's hopes for raising exports. But here, too, new product development will be the key. One example is its best-selling product in the United States: the so-called razor point pen, a plastic-tipped marker that makes an extra-fine line and costs 89 cents.

Pilot's strategy involves risk, as it tests unfamiliar fields that are subject to sudden shifts because of fast-changing technology. Yet, because growth in its traditional business has dwindled, the company has been forced to look elsewhere. Last year, the overall sales in Japan of writing instruments — pens, markers, mechanical and wood pencils — fell slightly to \$506 million.

"We want to make the new products main products of the company," said Katsuhiro Yamamura, Pilot's 68-year-old president. "Otherwise, we might not survive."

Pilot Pen's dilemma also confronts many small- and medium-sized companies in Japan, now that Japan's economic growth has slowed.

"There are a lot of smaller companies in stagnant industries, like Pilot, that are trying to go into new high-growth fields," said Peter G. Wolff, an analyst for Bache Halsey Stuart Shields in Tokyo. "But it will be tricky for them."

Small companies, Mr. Wolff notes, generally have a narrower base of technology from which to diversify than large corporations, as well as less financial staying power. "One significant change in technology in a

(Continued on Page 13, Col. 5)

Rates Jump After U.S. Money Report

By Michael Quint

New York Times Service

NEW YORK — Interest rates rose sharply late Friday after the Federal Reserve Board announced a much-larger-than-expected \$4.2-billion increase in the narrowest measure of the U.S. money supply. Traders and economists concluded that the big increase in M-1, which comprises cash and money in checking accounts and is thus a key measure of funds immediately available for spending, would lead the Fed to hold monetary policy stable, rather than encourage lower interest rates, as some had expected.

U.S. CREDIT MARKETS

ed. They noted that a broader money-supply measure, M-2, grew slowly in April, according to Fed figures released Friday, but not slowly enough to overshadow the impact of the large M-1 increase, which was for the week ended May 4.

In late trading, rates on Treasury bills rose about one-tenth of a percentage point, while bond prices fell more than half a point. The intra-day price changes were among the largest seen in recent weeks.

"The M-1 growth is troublesome," commented Cengis Israfil, a money-market economist at Morgan Guaranty Trust Co. M-1 has grown at a 13.5 percent rate in the latest year, far faster than the Fed's 4-to-8-percent growth objective for 1983. Even though M-1 had declined by \$1.2 billion in April, the first monthly decline since October 1981, the 4.2-billion increase in the latest week left it nearly \$9 billion above the level consistent with an 8 percent growth rate.

Because of the rapid M-1 growth, the Fed's policy will probably stay unchanged until the

May 24 meeting of the FOMC.

Mr. Israfil concluded: The FOMC, Federal Open Market Committee, is a group of Federal Reserve officials who meet 10 times a year to assess monetary policy.

"An easing in Fed monetary policy is out of the question now," said Elliott Platt, an economist at Donaldson, Lufkin & Jenrette Securities Corp. He said that despite the fall in money growth during April, the economic recovery appears strong and "the Fed has got to keep its policy stable to prevent the recovery from bringing more inflation."

As was expected, the \$2,071.7-billion level for M-2 in the month of April was below the level consistent with the Fed's 1983 growth target of 7 to 10 percent. April was the first month in which M-2 could be compared with its growth target, which is based on the M-2 average for February and March.

Analysts noted that the small \$5.4-billion increase in M-2 was not alarming, or a sign of tight

U.S. Consumer Rates

For Week Ended May 13

Passbook Savings.....	5.50%
6-Month Savings Certificates.....	8.65%
Tax-Exempt Bonds	
Bond Buyer 28-Bond Index.....	8.86%
Money Market Funds	
Donoghue's 7-Day Average.....	7.90%
Bank Money Market Accounts	
Bank Rate Monitor Index.....	8.13%
Home Mortgages	
FHLB, average.....	13.13%

monetary policy, because it followed several months of very large increases. The rapid growth of individual Retirement Accounts before the April 15 tax deadline also contributed to slow growth for the month, they said.

The M-2 money measure is defined as M-1, plus small savings deposits, money-market deposit accounts and most of the money-market mutual funds, but not individual Retirement Accounts. Including the meager 3.1 percent growth rate for April, M-2 grew at

12.7 percent annual rate from January through April.

Many economists and Fed watchers said that the M-1 money-supply measure may be increasing in importance as a target for monetary policy, even if it is not the Fed's primary guide. They said that the Fed can no longer easily brush aside the growth of M-1 as a technical matter caused by shifts in the kinds of bank deposits preferred by the public.

Although prices retreated late Friday, securities dealers noted that investors have absorbed very large amounts of corporate and Treasury securities in the past two weeks.

Recent inflation data — such as the tenth of a percent decline in producer prices for April, has been lower than expected, and encouraged many investors to buy notes and bonds. However, the fear that inflation could pick up so strong that yields of 10 percent and higher are required for Treasury issues due in more than five years.

Golden Parachute' Curb Asked

By Kenneth B. Noble

New York Times Service

one that had held it for more than two years.

The idea, the panel said, would be to insure that after a partial takeover, the remaining stockholders receive a good price for their stock. Some critics contend that it is inequitable that a buyer in the open market can gain control of a company without making a tender offer to all shareholders.

The recommendations were part of the panel's 33-page report that was released Saturday.

The 18-member panel, composed mostly of Wall Street merger specialists, corporate executives and lawyers, was chartered by the SEC earlier this year to recommend changes in federal takeover regulations, in part to deal with complaints that existing rules favor large stockholders and make it difficult for small investors to profit from acquisition battles.

On another issue, the panel recommended allowing shareholders an advisory vote on anti-takeover provisions in corporate charters and bylaws. The panel noted that an increasing number of corporate boards had enacted so-called supermajority clauses, without consulting shareholders. These clauses are a defense tactic against takeovers because they require a vote of more than 50 percent of shareholders to approve a merger.

The panel also said that the current 20-business-days minimum period that a tender offer must remain open should be lengthened to a minimum of 30 calendar days.

CURRENCY RATES

Interbank exchange rates for May 13, excluding bank service charges.

	S	E	D	F	L	G	B	S.F.	D.J.C.
Amsterdam	2.755	4.374	12.58	37.44	—	5.838	13.875	31.42	—
Brussels (a)	2.470	3.805	11.32	33.00	—	5.678	12.644	29.80	—
Frankfurt (a)	1.567	2.826	11.525	31.78	—	5.269	12.645	29.81	—
London	145.870	228.04	595.73	197.70	—	59.917	29.842	78.29	142.32
Paris	7.32	11.54	30.81	—	0.869	0.869	0.869	0.869	0.869
Zurich	2.082	3.174	22.645	37.53	—	5.055	26.000	52.000	125.000
ECU	0.8924	0.9005	2.244	6.008	1.4745	1.545	4.5149	1.875	8.85
TSB	1.06549	0.93445	2.6167	7.9999	2.971	3.2027	9.481	3.2027	11.427
Dollar Values	—	—	—	—	—	—	—	—	15.5
Per 100 U.S. Dollars	1.13	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09
Per 100 Canadian Dollars	1.13	1.09	1.09	1.09	1.09	1.09	1.09	1.09	1.09
Per 100 Australian Dollars	1.13	1.09	1.09	1.09	1.0				

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NEW EUROBOND ISSUES

Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
Asian Development Bank	DM 100	1993	8 1/4	100	8 1/4	Private placement.
Cia. Telef. Nac. Espana	DM 100	1993	8 1/4	100	8 1/4	First callable at 101 1/4 in 1989.
S. African Transport Services	DM 100	1990	8 1/4	open	—	Terms to be set May 20.
Bank Nationale de Paris	ca 60	1993	12	100	12	Noncallable.

Firm Uses No-Risk Bait for Convertible Bond

(Continued from Page 7) April sources of an imminent reduction in the discount rate.

Short-term interest rates hardened on the news. The cost of overnight money in New York rose 1/2 point to 8 1/2 percent and prices on fixed-rate securities eased slightly. While this eases any prospect of a rally in the Eurobond market this week, it is not a serious threat to the market as dealers are able to borrow money at a full point or more below the rate of interest fixed-coupon bonds yield.

With this kind of positive yield curve, dealers have every incentive to build their inventory of bonds because few believe that interest rates will rise sharply and the logic of the economic situation says at some point soon the rates must decline.

The major problem with the issue is the continuing high number of bank deals. Investors are full of bank paper and although the warrants that now accompany most such deals — to buy, other fixed-rate bonds or shares of the parent bank — have given the market a second wind even that supply is now running short.

It is clear, however, that investors

want high-coupon bonds. This certainly explains how South Africa's Electricity Supply Commission is able to make its first public Eurodollar offering in seven years. It is offering \$75 million of five-year notes bearing a coupon of 11 1/2 percent and priced at 99 1/2 to yield 11.64 percent. Until now, South Africa has been forced to use the private-placement market to raise cash since few institutions wanted to be seen leading a deal for the foreign-exchange market. In addition, Spain's Telefonica and South

African Transport Services are not names likely to excite investors with coupons of 8 1/4 percent when the Asian Development Bank is in the market offering identical terms.

This week Renault will tap the market for 150 million DM and Audi-NSU Union, a VW subsidiary, will make a private placement of 150 million DM. An Italian highway agency and Air Canada will complete the current list of scheduled offerings and bankers will meet May 20 to establish the calendar for the coming month.

International Herald Tribune

U.S. Utility May Default on Bonds

(Continued from Page 7)

on Friday suspended the AA ratings of outstanding bonds used to structure the units. Earlier last week, Moody's Investor's Service cut its rating on those projects to A-1 — a three-notch cut.

The action throws into jeopardy the future of Unit 1, which has been mothballed for one year, and Unit 3, which still needs \$963 million in construction funding. Unit 2 should be commercially operable in February 1984.

The downgrading also places additional pressure on Washington State legislators, who are considering a bill to forestall a WPPSS bankruptcy. On Thursday, a similar measure was defeated and it is not known whether the current bill

will pass before the legislature's current session ends.

Peter Johnson, administrator of the Bonneville Authority, Friday pressed the WPPSS executive board with a May 27 deadline for determining how Units 1, 2 and 3 will be financed. Bonneville, a federal agency which markets 50 percent of the power consumed in the Northwest, has guaranteed the bonds on Units 1 and 2 and 70 percent of the financing on Unit 3.

But Mr. Johnson said that Bonneville "no longer can continue to incur liability for construction bonds on Unit 3 in the absence of responsible prospects of prudent financing."

All of these Securities have been offered outside the United States. This announcement appears as a matter of record only.

New Issue / May, 1983

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Citicorp Capital Markets Group

County Bank Limited

Daiwa Securities (HK) Ltd.

The Development Bank of Singapore Ltd

Dresdner Bank Aktiengesellschaft

The Hongkong Bank Group

Kidder, Peabody International Limited

Kleinwort, Benson Limited

Merrill Lynch International & Co.

Morgan Guaranty Ltd

Morgan Stanley International

Swiss Bank Corporation International Limited

S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

Yamaichi International (HK) Ltd.

Borrowers Face Higher Loan Margins

By Carl Gewirtz
International Herald Tribune

PARIS — Despite the worries about the international debt situation and the marked slowdown in the willingness of banks to provide medium-term finance to developing countries, lenders remain reasonably active and quite sizable transactions continue to be syndicated.

The prescription for a successful loan says one banker, "is more flexibility and better terms."

This is clearly evident in both Europe and in the Far East, where lending margins had been pegged to what many bankers were calling "insane" lows. Bankers now talk about the need to use margins to differentiate more clearly the credit standing of borrowers.

Thus, the Philippines, which many now regard as one of the weaker Asian credits, is paying a quarter percentage point more to borrow than before. The Development Bank of the Philippines is currently seeking \$100 million for eight years.

It is paying 1 1/4 points over the London interbank rate compared to the 1/4 percent previously, or 3/4 point over the prime rate compared to half a point. In addition, there is a "cap" of 170 basis points (100 equals one percentage point), up from 160 earlier. This is the amount by which the prime rate cost must exceed the rate of 90-day certificates of deposit before the cheaper CD rate is substituted for the prime rate.

Similarly, South Korea's Export-Import Bank, seeking \$300 million for eight years, is paying a split 4-1/2 point over Libor, compared to the previous margin of 1/4 point. Lenders also have the option to price the loan at a quarter-point over the prime rate, up from 20 basis points earlier, with the cap set at 140 basis points, up from 130.

In both cases, lenders are given the unlimited option of pegging as much of the loans as they want over the more expensive prime rate. This is a first for Asian borrowers, who up to now have always limited such options.

Nevertheless, the South Koreans hope to keep the deal with only half the amount tied to prime and the Philippines are aiming at having no more than 70 percent based on the prime rate.

By contrast, the Malaysian government-owned Malaysian International Shipping Co. is seeking \$100 million for eight years and is offering to pay only half a point over Libor. No prime option is offered to lenders.

The Libor pricing does reflect some hardening as the company previously paid a split 4-1/2 point over Libor. But the much lower pricing than South Korea or the Philippines reflects the much higher credit standing of Malaysia compared to its neighbors.

The Bank of Thailand is said to be seeking bids on terms for a \$200-million, eight-year loan and is expected to pay 1/4 point over Libor for eight years.

Pakistan, which last year paid a split 1/2 point over Libor for a three-year loan, is reported to be seeking terms for a loan of \$225 million. It is likely to market \$90 million as a two-year loan, \$75 million as a three-year loan and \$60

million as a four-year deal. Depending on the actual breakdown of amounts, bankers suggest that Pakistan would have to pay margins of 1/4, 1/2 and 1 percent, respectively.

Although Pakistan is considered

with a cap of 125 basis points over the CD rate.

Interest on the five-year portion is set at 1/2 point over Libor for the rest. Alternatively, lenders will be paid 20 basis points over the prime with a cap of 125 basis points over the CD rate.

By contrast, the margin that Spain paid last year started with an element of 1/4 point over Libor and the margin over the prime rate was a thin 15 basis points.

While some bankers believe that Spain could have eked out slightly more favorable terms, they say the government opted to put the emphasis on a successful wide syndication rather than risking a difficult syndication for only very modest savings in cost.

Portugal, however, miscalculated how much its credit standing has slipped. It is paying 1/4 point over Libor, up from the previous split 4-1/2 point margin paid for eight years.

Lenders will earn five basis points over the prime rate while the banks managing the operation will earn an annual underwriting fee of some 20 basis points.

year money, but its \$300-million, seven-year loan is moving slowly in syndication. Lenders also have the option to use the prime rate as a base, with a margin of 45 basis points, up from 37.5 previously.

Due to the slow response from the market, syndication of this loan, which was scheduled to end this week, may be extended for one week.

Denmark, which took \$1.3 billion out of the market early this year, is currently looking for another \$200 million. This reportedly will be structured as a note facility to be laid off to regional U.S. banks as a short-term instrument — a revolving loan for the first three years and a term loan for the final four years.

Lenders will earn five basis points over the prime rate while the banks managing the operation will earn an annual underwriting fee of some 20 basis points.

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GMAC Overseas Finance Corporation N.V.

10 1/2% Notes Due February 1, 1990

Payment of principal and interest unconditionally guaranteed by

General Motors Acceptance Corporation

MORGAN STANLEY INTERNATIONAL

ALGEMENE BANK NEDERLAND N.V.

BANK OF AMERICA INTERNATIONAL

LIMITED

BANQUE GENERALE DU LUXEMBOURG S.A.

COMMERZBANK AKTIENGESELLSCHAFT

CREDIT SUISSE FIRST BOSTON

LIMITED

MANUFACTURERS HANOVER

LIMITED

NOMURA INTERNATIONAL

LIMITED

SOCIETE GENERALE

SWISS BANK CORPORATION INTERNATIONAL LIMITED

UNION BANK OF SWITZERLAND (SECURITIES)

LIMITED

May 9, 1983

AMRO INTERNATIONAL

LIMITED

BANK BRUSSEL LAMBERT N.V.

BANQUE NATIONALE DE PARIS

CONTINENTAL ILLINOIS CAPITAL MARKETS GROUP

DEUTSCHE BANK AKTIENGESELLSCHAFT

MERRILL LYNCH INTERNATIONAL & CO.

SALOMON BROTHERS INTERNATIONAL

WOOD GUNDY LIMITED

International Bond Prices – Week of May 11

Provided by White Weld Securities, London. Tel.: 623 1277; a Division of Financière Credit Suisse - First Boston.

(Continued from Page 10)

Security	Middle Mkt	Yield			Am't
		Price	Ave Int	Life Curr	
(Continued from Page 10)					
Illinoian Finance	73 1/4	90 Nov	100 3/4	7.61	7.69
Aero Electric Pur.	71 1/4	94 Dec	99 1/2	4.22	7.34
Illinoian City	61 1/2	95 May	99 1/2	5.88	6.48
Oklahoma City	63 1/4	93 Sep	99 1/2	5.38	6.72
Oklahoma City	7	93 Sep	99 1/2	5.89	6.91
Oklahoma City	8	96 Aug	99 1/2	7.11	7.88
DEAUBOURG					
Ind. Ind.	62 1/4	87 Jun	95	7.22	7.94
Ind. Ind.	62 1/4	89 Jun	95 3/4	10.04	9.88
Ind. Ind.	8	93 Jun	99 1/4	12.47	9.60
Ind. Ind.	73 1/4	94 Jul	97	10.21	7.99
Ind. Ind.	6	95 Apr	99 1/2	12.68	4.78
Ind. Ind.	7 1/4	98 Jun	97	12.48	9.18
Ind. Ind.	7	98 Oct	97	14.38	7.88
Ind. Ind.	6 1/4	98 Nov	94 1/4	9.81	7.88
Ind. Ind.	8	98 Jun	95 1/2	14.58	5.38
Ind. Ind.	7 1/4	95 Nov	95 1/2	14.95	6.38
Ind. Ind.	6 1/4	96 Mar	95 1/2	15.09	5.38
Ind. Ind.	6 1/4	96 Apr	95 1/2	15.29	5.38
Ind. Ind.	6 1/4	96 May	97	12.28	10.22
Ind. Ind.	11	98 Mar	94	14.28	12.99
Ind. Ind.	8 1/4	98 Dec	94	14.28	9.88
Ind. Ind.	7	98 Sep	94	14.28	7.88
Ind. Ind.	7	98 Jun	94 1/2	12.71	5.97
Ind. Ind.	7	98 Feb	95 1/2	11.59	5.98
SELLARIBUS					
Illin. Development Bank	73 1/4	94 Jun	98 1/2	4.55	7.69
Illin. Development Bank	8	93 Jul	99 1/4	5.25	8.88
Ind. Ind. Ed D'Algeria	71 1/2	95 Oct	99 1/4	4.55	7.69
Illin. Dev. Bank	71 1/2	95 May	99 1/2	5.67	7.69
Illin. Dev. Bank	7 3/4	97 Jul	99 1/2	11.44	12.75
Ind. Ind.	94 Oct		99 1/2	11.44	7.71
Ind. Ind.	7 1/4	96 Dec	97	9.24	7.67
Ind. Ind.	8	94 Jun	99 1/2	6.59	8.88
Ind. Ind.	6 1/2	94 Sep	97	7.24	6.28
Ind. Ind.	6 1/2	94 May	99 1/4	7.24	8.88
Ind. Ind.	6 1/2	95 Nov	94	9.24	9.51
Ind. Ind.	6	93 Nov	95	7.27	7.72

CONVERTIBLE BONDS

✓ Zealand	6 3/4 '84 Feb	101	5
✓ Zealand	6 1/4 '84 May	109 1/2	5
✓ Zealand	5 1/4 '84 June	109 1/2	5

Over-the-Counter

— NASDAQ NATIONAL MARKET

**ANOTHER IMPORTANT
BUSINESS STATISTIC.**

the percentage of readers of the International Herald Tribune possessing one or more university degrees

the percentage of readers of the
International Herald Tribune

